Merrill Lynch International & Co. C.V.
Kaya W.F.G. (Jombi) Mensing 36
Curaçao

MERRILL LYNCH INTERNATIONAL & CO. C.V. FILES ANNUAL FINANCIAL REPORT

Curaçao, April 28, 2016 – Merrill Lynch International & Co. C.V. today informs its security holders that its Annual Financial Report for the year ended December 31, 2015, together with the audit report and statement made by responsible persons thereon, has been filed with the Luxembourg Stock Exchange, the Officially Appointed Mechanism of Luxembourg, Merrill Lynch International & Co. C.V.'s home Member State. A copy of this Annual Financial Report and the statement made by responsible persons are attached to this release.

Merrill Lynch International & Co. C.V. makes available free of charge on the website referred to below its Annual and Half-Yearly Financial Reports filed with the Luxembourg Stock Exchange as soon as reasonably practicable after Merrill Lynch International & Co. C.V. electronically files these documents with the Luxembourg Stock Exchange. These documents are posted on Bank of America Corporation's website at http://investor.bankofamerica.com/phoenix.zhtml?c=71595&p=merrill_lynch under "Financial Information / Subsidiary Information".

The Luxembourg Stock Exchange maintains a website that contains reports and other information that issuers are required to file with it. These materials may be obtained electronically by accessing the Luxembourg Stock Exchange's home page at http://www.bourse.lu/Accueil.jsp

Copies of the above referenced information will also be made available, free of charge, by calling +852 3508 4166 or upon written request to:

Merrill Lynch International & Co. C.V.
Kaya W.F.G. (Jombi) Mensing 36
Curaçao

Contact: Carrie Lam, Bank of America Merrill Lynch, +852 3508 4166

Bank of America Merrill Lynch

To the best of our knowledge, the financial statements of **Merrill Lynch International & Co. C.V.** (the "Partnership") for the year ended 31 December 2015 have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Partnership.

The General Partner's Annual Report includes a fair review of the development and performance of the business and the position of the Partnership, together with a description of the principal risks and uncertainties that it faces.

Date: 15 April 2016

Devin Crowe

Devin Crowe
For and on behalf of
ML Cayman Holdings Inc., as General Partner

Registered number 11-1300009

MERRILL LYNCH INTERNATIONAL & CO. C.V.

GENERAL PARTNER'S ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

MERRILL LYNCH INTERNATIONAL & CO. C.V.

PARTNERSHIP INFORMATION

General Partner	ML Cayman Holdings Inc.
Officers of the General Partner	Angel Alvarez Bruce Blanco Debra Zachter Devin Crowe (Appointed 11 June 2015)
Limited Partner	Merrill Lynch International Services Limited
Registration Number	11-1300009
Registered Office	Kaya W.F.G. (Jombi) Mensing 36 Curacao
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants 7 More London Riverside London SE1 2RT

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GENERAL PARTNER'S REPORT
For the year ended 31 December 2015

The General Partner presents its statutory report and the audited financial statements of Merrill Lynch International & Co. C.V. (the "Partnership") for the year ended 31 December 2015. These financial statements are the first that the Partnership has prepared following the adoption of Financial Reporting Standard 100 'Application of Financial Reporting Requirements' and Financial Reporting Standard 101 'Reduced Disclosure Framework'.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The General Partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Partnership Agreement requires the General Partner to prepare financial statements for each financial year. The General Partner has prepared the partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Partnership are:

- the issuance of warrants and related financial instruments. The market risks associated with these warrants and related financial instruments are hedged with affiliated companies, with residual income or expense relating to this business recharged to affiliated companies under service agreements; and
- the distribution of Merrill Lynch managed funds and other managed fund products to third parties on which the Partnership receives fee income, with residual income or expense relating to this business recharged to affiliated companies under service agreements.

The profit for the financial year amounted to $1,368,000 (2014: $2,148,000). The decrease was driven by diminishing residual income from the transfer of assets under management to Julius Baer.

The revenue for the financial year amounted to $92,719,000 (2014: $127,551,000).

The administrative expenses for the year amounted to $127,024,000 (2014: $150,511,000).

The head office of the Partnership is in Curacao with a branch in Dubai. The Partnership ceased its operations from the Panama branch on 30 September 2014 with formal closure of the branch pending the resolution of ongoing litigation (note 24).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW (continued)

Pursuant to Bank of America Corporation's ("BAC") decision to sell its international wealth management business to the Julius Baer group, the wealth management businesses conducted through Panama ("MLICO Panama") and Dubai ("MLICO Dubai") were sold during the year ended 31 December 2013.

During the year, the Partnership received residual income from the wealth management business through MLICO Panama due to the trailing transfer of assets under management related to this business to the Julius Baer group. This transfer was completed during the second half of 2015.

RISK MANAGEMENT

The Partnership's risk management objectives and policies, as well as exposures in relation to the seven key risk types (market, credit, operational, liquidity, reputational, strategic and compliance risks) are described in the notes to the financial statements (see note 19).

PARTNERSHIP'S POLICY FOR PAYMENT OF CREDITORS

The current policy is to pay creditors and other suppliers in accordance with the terms of payment agreed at the time the contract is made.

GOING CONCERN

The Partnership currently has sufficient capital to maintain its operations. Based on the above, the Partnership continues to adopt the going concern basis in preparing the financial statements.

PARTNERS

The Partners who served during the year and up to the date of signing this report were as follows:
ML Cayman Holdings Inc. (General Partner)
Merrill Lynch International Services Limited (Limited Partner)

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the General Partner and authorised for issue on 15 April 2016 and signed on its behalf by:

Devin Crowe

Devin Crowe
For and on behalf of ML Cayman Holdings Inc., as General Partner

INDEPENDENT AUDITORS' REPORT TO THE GENERAL PARTNER OF MERRILL LYNCH INTERNATIONAL & CO. C.V.

Report on the financial statements

Our opinion

In our opinion, Merrill Lynch International & Co. C.V's financial statements (the "financial statements"):

- give a true and fair view of the state of the limited partnership's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the provisions of the Limited Partnership Agreement.

What we have audited

The financial statements, included within the General Partner's Annual Report and Financial Statements (the "Annual Report"), comprise:

- Statement of Financial Position as at 31 December 2015;
- Income Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law.

In applying the financial reporting framework, the general partner has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the general partner

As explained more fully in the General Partner's Report set out on page 1, the general partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the partners as a body in accordance with the Limited Partnership Agreement and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the limited partnership, save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE GENERAL PARTNER OF MERRILL LYNCH INTERNATIONAL & CO. C.V.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the limited partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the general partner; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the general partner's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
19 April 2016

INCOME STATEMENT
For the year ended 31 December 2015

	Note	2015 $'000	2014 $'000
REVENUE	3	**92,719**	127,551
Administrative expenses		**(127,024)**	(150,511)
OPERATING LOSS	5	**(34,305)**	(22,960)
Gain on sale of wealth management business	18	**423**	1,952
Interest income	6	**41,451**	27,377
Interest costs	7	**(6,201)**	(4,221)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**1,368**	2,148
TAX ON PROFIT ON ORDINARY ACTIVITIES	9	**-**	-
PROFIT FOR THE FINANCIAL YEAR BEFORE PARTNER'S PROFIT ALLOCATION		**1,368**	2,148
GENERAL PARTNER'S PROFIT ALLOCATION	17	**(1,368)**	(2,148)
RESULT FOR THE FINANCIAL YEAR AFTER PARTNER'S PROFIT ALLOCATION		**-**	-

Revenue and operating loss are derived wholly from continuing operations.

There were no recognised gains and losses for the current or preceding financial year other than those included in the income statement and therefore no separate statement of comprehensive income has been presented.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents.

The notes on pages 7 to 28 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2015 **Registered number 11-1300009**

	Note	$'000	2015 $'000	$'000	2014 $'000
CURRENT ASSETS					
Long inventory positions	10	**3,721,595**		3,615,952	
Trade receivables	11	**22,992**		36,360	
Other receivables and prepayments	12	**6,020,304**		7,270,747	
Cash and cash equivalents		**4,290**		4,266	
		9,769,181		10,927,325	
CREDITORS: amounts falling due within one year					
Short inventory positions	13	**4,705,868**		5,190,370	
Trade creditors	14	**4,485,207**		5,160,221	
Other creditors including taxation and social security	15	**59**		78	
Partners' capital and income accounts	17	**578,047**		576,656	
		9,769,181		10,927,325	
NET CURRENT ASSETS			**-**		-
TOTAL ASSETS LESS CURRENT LIABILITIES			**-**		-
NET ASSETS			**-**		-

There are no equity balances therefore no separate statement of changes in equity has been presented. The movements in partners' capital and income accounts are disclosed in note 17.

The financial statements on pages 5 to 28 were approved and authorised for issue by the General Partner on 15 April 2016. They were signed on its behalf by:

Devin Crowe

Devin Crowe
For and on behalf of ML Cayman Holdings Inc., as General Partner

The notes on pages 7 to 28 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 ("FRS 100") - Application of Financial Reporting Requirements and Financial Reporting Standard 101 ("FRS 101") - 'Reduced Disclosure Framework which have both been applied for the first time.

The change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently, the principal accounting policies are unchanged from the prior year.

Adoption of FRS 101 has resulted in no opening balance adjustments to the statement of financial position and no restatements of the income statement. Subsequently, no additional reconciliation or comparative disclosure has been provided as a result of the first time adoption.

The financial statements have been prepared under the historical cost convention, as modified to include certain assets and liabilities at fair value. The Partnership does not maintain historical cost information on items at fair value as this is not relevant to the operation of the business.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

1.2 New and Amended Standards Adopted by the Partnership

There are no FRS 101 interpretations that are effective for the first time for the financial period beginning on or after 1 January 2015 that would be expected to have a material impact on the Partnership.

1.3 Financial Reporting Standard 101 – Reduced Disclosure Exemptions

The Partnership has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

1.4 Segmental analysis

The Partnership operates two principal activities, comprising the issuance of warrants and related financial instruments, and the distribution of Merrill Lynch managed funds and other managed fund products (note 4). The Partners review and analyse performance of the Partnership based on these activities. Segment performance is not analysed geographically as the Partnership operates globally under one management structure.

1. ACCOUNTING POLICIES (continued)

1.5 Revenue

Revenue includes:

Service fee income
Charges made to affiliated companies to remunerate the Partnership for services provided or reimburse expenditure incurred by the Partnership are recognised on an accruals basis.

Fee income
Mutual fund distribution fees are recognised on an accruals basis.

Principal trading
Realised and unrealised profits and losses on financial instruments held for trading are recognised within revenue. Positions held in financial instruments are hedged using derivatives with an affiliated Company, with residual income or expense relating to this business recharged to affiliated companies under service agreements.

1.6 Translation of foreign currencies

The financial statements have been presented in US Dollars which is also the functional currency of the Partnership.

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the statement of financial position date. Exchange gains and losses are recognised in the income statement. The financial statements of branches whose functional currency is not US dollars are translated into US dollars at the closing rate of exchange for the statement of financial position and at the rate ruling on the date of the transaction for the income statement.

1.7 Interest income

Interest income comprises interest received on balances with affiliated companies and is recognised on an accruals basis using the effective interest method.

1.8 Interest costs

Interest costs comprise interest payable on balances with affiliated companies and appropriations payable to the Limited Partner, which are recognised on an accruals basis using the effective interest method.

1.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is also recognised directly in other comprehensive income.

Current tax, including UK corporation tax and foreign taxes, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and is measured at the average tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised over the Company's planning horizon.

1. ACCOUNTING POLICIES (continued)

1.10 Financial assets

The Partnership recognises financial assets in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Partnership classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

The Partnership classifies its derivative assets as long inventory which are held for trading and are measured at fair value through profit and loss. All remaining financial assets are classified as loans and receivables.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity upon initial recognition designates as at fair value through profit or loss; or (b) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are carried at amortised cost using the effective interest method less an allowance for any impairment. Interest calculated using the effective interest method is recognised in the income statement.

1.11 Impairment of financial assets held at amortised cost

The Partnership assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

1.12 Financial liabilities

The Partnership recognises financial liabilities in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Partnership classifies issued warrants as short inventory positions which are held for trading and are measured at fair value through profit and loss. Gains and losses are recognised through the income statement as they arise. All remaining financial liabilities are carried at amortised cost using the effective interest method.

1.13 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value through the income statement. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

1. ACCOUNTING POLICIES (continued)

1.14 Offsetting

Where the Partnership intends to settle (with any of its receivables or creditors) on a net basis, or intends to realise the asset and settle the liability simultaneously, and the Partnership has the legal right to do so, the balance included within the financial statements is the net balance due to or from the counterparty.

1.15 De-recognition of financial assets

The Partnership de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers substantially all the risks and rewards of ownership of the asset to another entity. If the Partnership neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Partnership recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Partnership retains substantially all the risks and rewards of ownership of a transferred financial asset, the Partnership continues to recognise the financial asset and also recognises a secured borrowing for the proceeds received.

1.16 Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

1.17 Partners' capital and income accounts

Partner capital is credited to the relevant partner's account within Partners' capital and income accounts. Capital contributions that meet the definition of debt under IAS 32, Financial Instruments: Presentation ("IAS 32") are recorded as liabilities due to a finite life and contractual payment provisions to each of the partners within the Partnership.

Where applicable, interest on Partners' capital is treated as dividends or interest depending on the classification of the contributions as set out above.

Partners' rights and entitlements are described in note 17.

1.18 Recognition of day one profit or loss

Evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or is based on a valuation technique whose variables include only data from observable markets.

The Partnership has entered into transactions where fair value is determined using valuation models for which not all inputs are market observable prices or rates. The difference between the transaction price and the model valuation, commonly referred to as "day one profit or loss", is not recognised immediately in the income statement.

The timing of recognition of deferred day one profit or loss is determined individually and is either deferred until the instrument's fair value can be determined using market observable inputs or realised through disposal or settlement.

The financial instrument is subsequently measured at fair value. Subsequent changes in fair value are recognised immediately in the income statement.

1.19 Going concern

The officers of the General Partner have a reasonable expectation that, based on current and anticipated future performance, the Partnership will continue in operational existence for the foreseeable future. The financial statements of the Partnership have, therefore, been prepared on a going concern basis.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with FRS 101 requires the use of accounting estimates and assumptions concerning the future. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

a) Valuation of financial instruments

Fair value is defined under as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Partnership's policy for valuation of financial instruments is included in note 20. The fair values of financial instruments that are not quoted in financial markets are determined by using valuation techniques based on models such as discounted cash flow models, option pricing models and other methods consistent with accepted economic methodologies for pricing financial instruments. These models incorporate observable, and in some cases unobservable inputs including security prices, interest rate yield curves, option volatility, currency, commodity or equity rates and correlations between these inputs.

Where models are used to determine fair values, they are periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that output reflects actual data and comparative market prices. These estimation techniques are necessarily subjective in nature and involve several assumptions. Note 20 further discusses the valuation of financial instruments.

b) Share based payments

Outstanding awards granted through BAC group's share option schemes are valued using an option pricing model, taking into account the terms and conditions of the scheme. Analysis of past exercise behaviour, historical volatility of BAC's common stock, and implied volatilities from traded share options on BAC's common stock are inputs to the valuation model.

3. REVENUE

	2015 $'000	2014 $'000
Service fee income	**63**	1,168
Fee income	**98,677**	131,441
Net principal trading	**(6,035)**	(5,059)
Other revenue	**14**	1
	92,719	127,551

4. SEGMENTAL ANALYSIS

For the year ended 31 December 2015	**Warrant business $'000**	**Managed funds $'000**	**Total 2015 $'000**
Service fee income	63	-	**63**
Fee income	-	98,677	**98,677**
Net principal trading	(6,035)	-	**(6,035)**
Other revenue	14	-	**14**
Total operating income	(5,958)	98,677	**92,719**
Total expenses	(28,347)	(98,677)	**(127,024)**
Operating loss	(34,305)	-	**(34,305)**

4. SEGMENTAL ANALYSIS (continued)

For the year ended 31 December 2014	Warrant business $'000	Managed funds $'000	Total 2014 $'000
Service fee income	1,168	-	**1,168**
Fee income	-	131,441	**131,441**
Net principal trading	(5,059)	-	**(5,059)**
Other revenue	1	-	**1**
Total operating income	(3,890)	131,441	**127,551**
Total expenses	(19,070)	(131,441)	**(150,511)**
Operating loss	(22,960)	-	**(22,960)**

Following the sale of the international wealth management business to Julius Baer, the managed funds segment does not constitute a significant proportion of the Partnership's assets and liabilities. As such a breakdown of net assets by segment is not considered necessary.

5. OPERATING LOSS

Operating loss is stated after charging the following:

	2015 $'000	2014 $'000
Charges under operating leases on land and buildings	**292**	321
Depreciation of tangible fixed assets	**-**	5
Employee costs (see note 8)	**391**	961
Loss on foreign exchange	**54**	78
Service fee expense	**126,127**	147,878
Auditors' remuneration (see below)	**12**	32
Other operating expenses	**148**	1,251

The service fee expense primarily relates to distribution fees paid to Merrill Lynch Pierce Fenner & Smith Inc and service fees recharged by affiliated companies.

Analysis of auditors' remuneration is as follows:

	2015 $'000	2014 $'000
Total audit fees:		
Fees payable to the Partnership's auditors for the audit of the Partnership's branches	**12**	32

Audit fees and non-audit fees for the Partnership were borne by an affiliated Company and were as follows:	2015 $'000	2014 $'000
Total audit fees:		
Fees payable to the Partnership's auditors for the audit of the Partnership's financial statements	**60**	68
Total non-audit fees:		
Other assurance services	**67**	83

6. INTEREST INCOME

	2015	2014
	$'000	$'000
Interest income:		
- From affiliated companies	41,451	27,377

7. INTEREST COSTS

	2015	2014
	$'000	$'000
Interest costs:		
- To Limited Partner	23	21
- To other affiliated companies	6,178	4,200
	6,201	4,221

As per note 17, the appropriations paid to the Limited and Preferred Partners are classified as liabilities and distributions accruing to them are classified as interest payable and similar charges.

8. STAFF COSTS

Staff costs were as follows:	2015	2014
	$'000	$'000
Salaries and benefits	391	922
Social security and other costs	-	39
	391	961

The average number of persons employed by the Partnership during the year was:

	2015	2014
	No.	No.
By activity:		
Trading, sales and advisory	1	-
Support, operations and technology	-	2
	1	2

During the year ended 31 December 2014 the majority of employees within the Panama and Dubai branches transferred to the Julius Baer group as part of the sale of the wealth management business. Two administrative employees were retained until 30 September 2014 to assist with this transition. As of 1 January 2015, the Dubai branch has a Corporate Banking presence.

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 $'000	2014 $'000
The tax for the year is made up as follows:		
Current tax:		
Tax on profits of the year	-	-
Adjustments in respect of prior year	-	-
Foreign tax	-	-
Total tax	-	-

Factors affecting tax charge for year

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the Curacao applicable to the Partnership of 3% (2014: 3%). The differences are explained below:

	2015 $'000	2014 $'000
Profit on ordinary activities before taxation	1,368	2,148
Profit on ordinary activities multiplied by the standard rate of corporation tax in Curacao of 3% (2014: 3%)	41	64
Effects of:		
Timing difference with respect to losses	(28)	(5)
Tax exempt gain on sale of wealth management business	(13)	(59)
Impact of foreign taxes	-	-
Tax charge for year	-	-

The Partnership is subject to taxes on income earned both within and outside Curacao. Branches of the Partnership operating outside Curacao are subject to income taxes at rates applicable in those countries. Tax expense represents management's calculation of taxes due on earnings and the effect of changes in estimates for the prior year.

Management is of the opinion that it is uncertain that the Partnership will be able to generate sufficient future taxable income within the period of reliable forecasting to recover the deferred tax asset. The Partnership has unrecognised deferred tax assets totalling $1,659,000 (2014: $1,689,000).

10. LONG INVENTORY POSITIONS

	2015 $'000	2014 $'000
Contractual agreements:		
Options and swaps	3,721,595	3,615,952

11. TRADE RECEIVABLES

	2015 $'000	2014 $'000
Amounts owed by affiliated companies	22,992	36,360

Amounts owed by affiliated companies comprise both interest-bearing and non interest-bearing amounts arising on principal activities and are due on demand or within one year.

12. OTHER RECEIVABLES AND PREPAYMENTS

	2015 $'000	2014 $'000
Amounts owed by affiliated companies	6,020,027	7,270,583
Other receivables and prepayments	91	102
Taxation	186	62
	6,020,304	7,270,747

Amounts owed by affiliated companies comprise both interest-bearing and non interest-bearing amounts and are due on demand or within one year. Included within this is an amount of $556,584 (2014: $1,360,432,000) used by the Partnership as part of its management of market risk.

13. SHORT INVENTORY POSITIONS

	2015 $'000	2014 $'000
Issued warrants, options and swaps	4,705,868	5,190,370

14. TRADE CREDITORS

	2015 $'000	2014 $'000
Amounts owed to affiliated companies	4,485,207	5,160,221

Amounts owed to affiliated companies comprise both interest-bearing and non interest-bearing amounts arising on principal activities and are due on demand or within one year. Included within this is $3,907,682,000 (2014: $4,230,074,000) cash collateral received from an affiliated company.

15. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2015 $'000	2014 $'000
Amounts owed to affiliated companies	58	58
Other creditors and accruals	1	20
	59	78

Amounts owed to affiliated companies comprise both interest-bearing and non interest-bearing amounts and are due on demand.

16. OPERATING LEASE COMMITMENTS

At 31 December 2015 the Partnership had annual commitments in respect of leases of land and buildings as follows:

Expiry date:	2015 $'000	2014 $'000
Within 1 year	-	74
After five years	-	-
	-	74

17. PARTNERS' CAPITAL AND INCOME ACCOUNTS

	General Partner $'000	Limited Partner $'000	Total $'000
At 1 January 2014	574,280	207	574,487
Interest on partners' capital (note 7)	-	21	21
Profit for the financial year	2,148	-	2,148
At 31 December 2014 and 1 January 2015	576,428	228	576,656
Interest on partners' capital (note 7)	-	23	23
Profit for the financial year	1,368	-	1,368
At 31 December 2015	577,796	251	578,047

The rights and entitlements of the Partners in relation to allocations of Profits shall be divided into General Partner and the Limited Partner.

The General Partner's interest entitles the holder to voting rights in the Partnership and 100% of net profit / loss after the allocation of net profit / loss due to the Limited Partner. Payment of this appropriation is at the discretion of the Partnership as per the terms of the partnership agreement.

The Limited Partner's interest entitles the holder to no voting rights in the Partnership and net profits or losses up to the value of 10% of the average amount in their capital account. Payment of this amount is non-discretionary under the terms of the partnership agreement.

Any Partner may withdraw from the Partnership at the end of any accounting period provided written notice is received by 1 November of any accounting period or on any other date approved by the General Partner. In accordance with IAS 32 the General and Limited Partnership Interests meet the definition of debt. Accordingly, Partners' capital and Partners' income is recorded within liabilities.

18. GAIN ON SALE OF INTERNATIONAL WEALTH MANAGEMENT BUSINESS

	2015 $'000	2014 $'000
International Wealth Management Business Sale	**423**	1,952

Pursuant to BAC's decision to sell its international wealth management business to the Julius Baer group, the wealth management businesses conducted through the Partnership branches in Panama and Dubai were sold on 6 November 2013 and 6 December 2013 respectively.

Upon completion of the sale of the branches, the MLICO Panama and MLICO Dubai employees entered into new employment contacts with Julius Baer group. As detailed in the business review on page 1, the Partnership intends to close its Panama branch, pending the resolution of ongoing litigation.

The international wealth management business does not meet the requirements of IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations', to be classified as discontinued operations and is consequently classified as continuing operations. The distribution of Merrill Lynch managed funds and other managed fund products remains a principal activity of the Partnership

19. RISK MANAGEMENT

Legal Entity Governance

BAC has established a risk governance framework (the "Risk Framework") which serves as the foundation for consistent and effective management of risks facing BAC and its subsidiaries (including MLICO). The Risk Framework applies to all the employees. It provides an understanding of the Partnership's approach to risk management and each employee's responsibilities for managing risk. All employees must take ownership for managing risk well and are accountable for identifying, escalating and debating risks facing the Partnership. The following are the five components of the Partnership's risk management approach:

- Risk culture;
- Risk appetite;
- Risk governance;
- Risk reporting; and
- Risk management processes.

The seven key types of risk faced by BAC Businesses as defined in the Risk Framework are market, credit, operational, liquidity, reputational, strategic and compliance risks.

Set out below is a summary of the Partnership's approach to each of the risk types.

Market risk

Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities or otherwise negatively impact earnings.

Trading positions within the Partnership are subject to various changes in market based risk factors. The majority of this risk is generated by the activities in the equity, interest rate and foreign exchange markets. In addition, the values of asset and liabilities could change due to market liquidity, correlations across markets and expectations of market volatility. The Partnership seeks to manage these risk exposures by using a variety of techniques that encompass a broad range of financial instruments.

Value at Risk

Value at Risk (VAR) is a common statistic used to measure market risk as it allows the aggregation of market risk factors, by including the effects of portfolio diversification. VAR represents the expected loss for a given portfolio, probability and time horizon and produces a value such that there is a set probability that the mark to market ("MTM") loss on the portfolio over the given time horizon does not exceed this value.

The Partnership uses the historical simulation approach based on a three year window of historical data. The Partnership's primary VAR statistic is equivalent to a 99% confidence level with a one day holding period.

A VAR model is an effective tool in estimating ranges of potential gains and losses on the Group's trading portfolios. There are however many limitations inherent in a VAR model as it utilises historical results over a defined time period to estimate future performance. Historical results may not always be indicative of future results and changes in market conditions or in the composition of the underlying portfolio could have a material impact on the accuracy of the VAR model.

To ensure that the VAR model reflects current market conditions, the historical data underlying the Group's VAR model is updated on a weekly basis, and the assumptions underlying the model are regularly reviewed.

19. RISK MANAGEMENT (continued)

The table that follows presents VAR analysis independently for each risk category for 2015 and 2014. Additionally, high and low VAR is presented independently for each risk category and overall.

3 year 99% Daily VAR	Year end 2015 $'000's	High 2015 $'000's	Daily average 2015 $'000's	Low 2015 $'000's
Total	**151**	**2,839**	**195**	**71**
Interest rate risk	30	66	34	23
Currency risk	28	207	31	13
Equity price risk	134	2,843	181	59
Commodity risk	-	-	-	-
3 year 99% Daily VAR	**Year end 2014 $'000's**	**High 2014 $'000's**	**Daily average 2014 $'000's**	**Low 2014 $'000's**
Total	100	1,414	233	82
Interest rate risk	36	176	51	28
Currency risk	28	261	50	12
Equity price risk	82	1,387	201	58
Commodity risk	-	1	-	-

In addition to VAR measures, the market risk department utilise a range of other risk measures including sensitivity analysis and stress testing to monitor exposures and to manage them using a robust set of limits.

Credit risk

The Partnership defines credit risk as the loss arising from the inability or failure of a borrower or counterparty to meet its obligations. The Partnership defines the credit exposure to a counterparty as the loss potential arising from loans, leases, derivatives and other extensions of credit.

Credit risk to a borrower or counterparty is managed based on the risk profile, which includes assessing repayment sources, underlying collateral (if any), and the expected impacts of the current and forward-looking economic environment on these borrowers or counterparties. Underwriting, credit management and credit risk limits are proactively reassessed as a borrower's or counterparty's risk profile changes.

Credit management includes the following processes:

- Credit origination
- Portfolio management
- Loss mitigation activities

These processes create a comprehensive consolidated view of our enterprise wide credit risk activities, thus providing executive management the information required to guide or redirect strategic plans.

The primary credit risks of the Partnership relate to its derivatives trading activities with affiliates and fee income due from third party and affiliate companies for fund services. There were no Credit exposures that were past due but not impaired at 31 December 2015.

19. RISK MANAGEMENT (continued)

The Partnership's trading positions are only exposed to credit risk with other affiliated companies. The Partnership is primarily exposed to Merrill Lynch International (MLI), a UK investment firm regulated by the Prudential Regulation Authority. MLI's credit rating is A / A-1 (S&P); A / F1 (Fitch) (as at 19 January 2016). Residual exposures are mainly to other subsidiaries of BAC. BAC's credit rating is BBB+ / A-2 (S&P); A / F1 (Fitch) (as at 19 January 2016).

Derivatives Trading

The Partnership enters into International Swaps and Derivatives Association, Inc. master agreements or their equivalent ("master netting agreements") with the its major derivative counterparties. Master netting agreements provide protection in bankruptcy in certain circumstances and, in some cases, enable receivables and payables with the same counterparty to be offset for risk management purposes. Agreements are negotiated bilaterally and can require complex terms.

While the Partnership makes every effort to execute such agreements, it is possible that a counterparty may be unwilling to sign such an agreement and, as a result, would subject the Partnership to additional risk. The enforceability of master netting agreements under bankruptcy laws in certain countries is not free from doubt, and receivables and payables with counterparties in these countries are accordingly recorded on a gross basis for risk assessment purposes.

In addition, to reduce the risk of loss, the Partnership usually requires collateral that it is permitted by documentation such as repurchase agreements or Credit Support Annex to an International Swap Dealers Association Master Agreement ("ISDA"). From an economic standpoint, the Partnership evaluates risk exposures net of related collateral that meets specified standards. The Partnership also attempts to mitigate its default risk on derivatives whenever possible by entering into transactions with provisions that enable us to terminate or reset the terms of our derivative contracts under certain defined conditions.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Operational risk may occur anywhere in the Partnership, including third party business processes, and is not limited to operations functions. Effects may extend beyond financial losses and may result in reputational risk impacts. An operational loss event can be associated with any of the following seven operational loss event categories as outlined by the Basel Committee for Banking Supervision: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; damage to physical assets; business disruption and system failures; and execution, delivery and process management.

Since operational risk is inherent in every activity across the Partnership, the Partnership relies on all employees to contribute to an effective internal control environment and manage operational risk within their roles. The Partnership manages operational risk by designing and implementing internal controls to identify, measure, monitor and control risks.

Operational risk must be managed by all employees as part of their day-to-day activities. Business and Control Functions are responsible for monitoring, assessing and testing the effectiveness of controls, while continuing to identify, escalate, debate and report operational risks. The independent risk management teams actively oversee the businesses and control functions to monitor adherence to the operational risk management program and to advise and challenge operational risk exposures.

19. RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the potential inability to meet contractual and contingent financial obligations, both on- or off- statement of financial position, as they come due. Liquidity risk relates to the ability of an entity to repay short-term borrowings with new borrowings or assets that can be quickly converted into cash while meeting other obligations and continuing to operate as a going concern. The Partnership maintains intercompany loans and other relationships with affiliates to provide funding for its activities as required.

Reputational Risk

Reputational risk is the potential that negative perceptions of the BAC's conduct or business practices will adversely affect its profitability or operations through an inability to establish new or maintain existing customer/client relationships.

BAC manages reputational risk through established policies and controls in the business and risk management processes to mitigate reputational risks in a timely manner and through proactive monitoring and identification of potential reputational risk events. Ultimately, to ensure that Reputational Risk is mitigated through regular business activity, awareness of Reputational Risk is integrated into the overall governance process, as well as incorporated into the roles and responsibilities for employees. Given the nature of Reputational Risk, BAC does not set quantitative limits for the level of acceptable risk. Through proactive risk management, BAC seeks to minimise both the frequency and impact of reputational events.

At the enterprise level, Reputational Risk is reviewed by the Enterprise Risk Committee and the Management Risk Committee, which provide primary oversight of Reputational Risk. Additionally, the Global Risk Management Leadership team and the BAC Board review the top reputational risks as part of the Summary Risk Report process. Each front line unit and control function has a committee whose charter includes oversight of reputational risk. That oversight includes providing approval for business activities that present elevated levels of reputational risks

Strategic Risk

Strategic risk is the risk resulting from incorrect assumptions about external or internal factors, inappropriate business plans, ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environments (such as competitor actions, changing customer preferences, product obsolescence and technology developments). Strategic risk is managed through the following approaches: (1) The strategic planning process specifically addresses many forms of strategic risk. The BAC boards of directors review and approve the strategic plans after considering strategic risks in addition to other types of risk. (2) The strategic plans are consistent with risk appetite and specifically address strategic risks. (3) The executive management team continuously monitors business performance throughout the year to assess strategic risk and find early warning signals so that risks can be proactively managed.

The strategic plan is reviewed and approved annually by the BAC Board alongside the capital plan, financial operating plan and risk appetite. Significant strategic actions, such as capital actions, material acquisitions or divestitures, and recovery and resolution plans are reviewed and approved by the BAC Board as required. Routines exist to discuss the Strategic Risk implications of new business and product entries and other strategic initiatives, and to provide approvals where appropriate. Control Functions provide key input, oversight and challenge to front line unit and regional level strategic assessments.

19. RISK MANAGEMENT (continued)

Front line units present tracking updates to executive management on their business performance. Updates take into account analyses of performance relative to the financial operating plan and risk appetite and performance relative to peers. Topical presentations are made to address any developments or considerations as it relates to strategic planning.

Compliance Risk

Compliance Risk is the risk of legal or regulatory sanctions arising from the failure of BAC and its enterprise subsidiaries (which includes the Partnership) to comply with requirements of banking and financial services laws, rules and regulations.

Front line units are responsible for the proactive identification, management and escalation of compliance risks across the Partnership. Global Compliance is responsible for setting BAC-wide policies and standards and provides independent challenge and oversight to the front line units. The Partnership's approach to the management of compliance risk is further described in the Global Compliance Policy, which outlines the requirements of BAC's global compliance program and defines roles and responsibilities related to the implementation, execution and management of the compliance program by Global Compliance.

Global Compliance is a separate function with governance routines and executive reporting distinct from those of the front line units and other control functions. Global Compliance also collaborates with other control functions to provide additional support for specific remediation efforts and shares responsibility with the front line units, Global Risk Management and other control functions for mitigating reputational risk.

The Global Compliance Executive leads the Global Compliance organisation, which together with the front line units, also has primary responsibility for the aggregated identification, management and escalation of compliance risks and compliance-related matters across the Partnership.

20. FAIR VALUE INFORMATION

Fair value hierarchy

In accordance with IFRS 7, 'Financial Instruments: Disclosures', the Partnership has categorised its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Financial assets and liabilities recorded on the statement of financial position are categorised based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Partnership has the ability to access (an example of which is certain Government securities).

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate bonds, which can trade infrequently);

20. FAIR VALUE INFORMATION (continued)

- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter ("OTC") derivatives, including interest rate and currency swaps); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include OTC derivatives).

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs, principally correlation in respect of the level 3 inventory held by the Partnership, that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's view about the assumptions a market participant would use in pricing the asset or liability (examples include long-dated or complex derivatives).

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorised is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 2) and unobservable (Level 3). Therefore, gains and losses for such assets and liabilities categorised within the Level 3 reconciliations below may include changes in fair value that are attributable to both observable inputs and unobservable inputs.

Valuation techniques

The following outlines the valuation methodologies for the Partnership's material categories of assets and liabilities:

Listed derivative contracts

Listed derivatives that are actively traded are valued based on quoted prices from the exchange and are categorised in Level 1 of the fair value hierarchy. Listed derivatives that are not actively traded are valued using the same approaches as those applied to OTC derivatives; they are generally categorised in Level 2 of the fair value hierarchy.

OTC derivative contracts

OTC derivative contracts include swap and option contracts related to equity prices. Depending on the product and the terms of the transaction, the fair value of OTC derivative products can be either observed or modelled using a series of techniques, and model inputs from comparable benchmarks, including closed-form analytic formulas, such as the Black-Scholes option-pricing model, and simulation models or a combination thereof. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgement, and the pricing inputs are observed from actively quoted markets, as is the case for certain option contracts.

In the case of more established derivative products, the pricing models used by the Partnership are widely accepted by the financial services industry. A substantial majority of OTC derivative products valued by the Partnership using pricing models fall into this category and are categorised in Level 2 of the fair value hierarchy.

Other derivative products, including complex products that have become illiquid, require more judgement in the implementation of the valuation technique applied due to the complexity of the valuation assumptions and the reduced observability of inputs. This includes certain types of derivatives with both volatility and correlation exposure where direct trading activity or quotes are unobservable. These instruments involve significant unobservable inputs and are categorised in Level 3 of the fair value hierarchy.

20. FAIR VALUE INFORMATION (continued)

The Partnership trades various derivative structures with equity underlyings. Depending on the type of structure, the model inputs generally include interest rate yield curves, equity underlier price curves, implied volatility of the underlying equities and, in some cases, the implied correlation between these inputs. The fair value of these products is determined using executed trades and broker and consensus data to provide values for the aforementioned inputs. Where these inputs are unobservable, relationships to observable equities and data points, based on historic and / or implied observations, are employed as a technique to estimate the model input values. Equity derivatives are generally categorised in Level 2 of the fair value hierarchy; in instances where significant inputs are unobservable, they are categorised in Level 3 of the fair value hierarchy.

Fair value

The following tables present the Partnership's fair value hierarchy for those assets and liabilities measured at fair value as of 31 December 2015.

	31 December 2015 Fair Value Measurement		
	Level 2 $'000	Level 3 $'000	Total $'000
Long inventory positions			
Contractual agreements:			
- Options and swaps	3,484,507	237,088	3,721,595
Short inventory positions			
Issued warrants, options and swaps	4,469,163	236,705	4,705,868

	31 December 2014 Fair Value Measurement		
	Level 2 $'000	Level 3 $'000	Total $'000
Long inventory positions			
Contractual agreements:			
- Options and swaps	3,363,081	252,871	3,615,952
Short inventory positions			
Issued warrants, options and swaps	4,937,921	252,449	5,190,370

The following tables provide a summary of the changes in fair value of the Partnership's Level 3 financial assets and liabilities for the year ended 31 December 2015:

	Long inventory positions Options and swaps $'000	**Short inventory positions** Issued warrants, options and swaps $'000
At 1 January 2015	252,871	(252,449)
Total (losses)/gains recognised in the income statement	(126,741)	126,702
Purchases	-	-
New issuances	125,061	(125,061)
Sales	-	-
Settlements	(36,819)	36,819
Transfers out	(265,559)	265,559
Transfers in	288,275	(288,275)
At 31 December 2015	237,088	(236,705)

20. FAIR VALUE INFORMATION (continued)

	Long inventory positions Options and swaps	**Short inventory positions** Issued warrants, options and swaps
	$'000	**$'000**
At 1 January 2014	88,362	(88,362)
Total (losses)/gains recognised in the income statement	(30,145)	30,567
Purchases	-	-
New issuances	67,663	(67,663)
Sales	-	-
Settlements	(71,710)	71,710
Transfers out	(65,989)	65,989
Transfers in	264,690	(264,690)
At 31 December 2014	252,871	(252,449)

Transfers between levels of the fair value hierarchy

Transfers out of Level 3 to Level 2 were primarily due to changes in the impact of unobservable inputs on the value of options, swaps and related issued warrants.

Transfers into Level 3 from Level 2 were primarily due to changes in the impact of unobservable inputs on the value of options, swaps and related issued warrants.

Transfers between Level 2 and Level 3 occur on a regular basis for these instruments due to changes in the impact of unobservable inputs on the value of the instrument as a whole.

Valuation of Level 3 financial assets and liabilities recognised at fair value on a recurring basis

The table below provides information on the valuation techniques, significant unobservable inputs and their ranges and averages for each major category of assets and liabilities measured at fair value on a recurring basis with a significant Level 3 balance.

The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory. Further, the range of unobservable inputs may differ across firms in the financial services industry because of diversity in the types of products included in each firm's inventory. The following disclosures also include qualitative information on the sensitivity of the fair value measurements to changes in the significant unobservable inputs:

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
	Derivative assets $'000s				
Options and swaps	$237,088	Industry standard derivative pricing[1]	Equity correlation	25% to 100%	66.5%
			Long-dated equity volatilities	4.4% to 100.5%	27.9%

Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
	Derivative liabilities $'000s				
Issued warrants, options and swaps	$236,705	Industry standard derivative pricing[1]	Equity correlation	25% to 100%	66.5%
			Long-dated equity volatilities	4.4% to 100.5%	27.9%

[1] Includes models such as Monte Carlo simulation and Black-Scholes.

20. FAIR VALUE INFORMATION (continued)

For equity derivatives a significant change in long-dated rates, volatilities and correlation inputs (e.g., the degree of correlation between an equity security and an index, between two different interest rates, or between interest rates and foreign exchange rates) would result in a significant impact to the fair value; however, the magnitude and direction of the impact depends on whether the Partnership is long or short the exposure.

The following provides a description of significant unobservable inputs included in the table above for all major categories of assets and liabilities:

Correlation

A pricing input where the payoff is driven by more than one underlying risk. Correlation is a measure of the relationship between the movements of two variables (i.e., how the change in one variable influences a change in the other variable). The correlation ranges may be wide since any two underlying inputs may be highly correlated (either positively or negatively) or weakly correlated.

Volatility

The measure of the variability in possible returns for an instrument given how much that instrument changes in value over time. Volatility is a pricing input for options and, generally, the lower the volatility, the less risky the option. The level of volatility used in the valuation of a particular option depends on a number of factors, including the nature of the risk underlying that option (e.g., the volatility of a particular underlying equity security may be significantly different from that of a particular underlying commodity index), the tenor and the strike price of the option.

Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives

All financial instruments are valued in accordance with the techniques outlined in the fair value hierarchy. Some of these techniques, such as those used to value instruments categorised in Level 3 of the fair value hierarchy, are dependent on unobservable parameters and the fair value for these financial instruments has been determined using parameters appropriate for the valuation methodology based on prevailing market evidence. It is recognised that the unobservable parameters could have a range of reasonably possible alternative values.

In estimating the change in fair value, to provide information about the variability of the fair value measurement, the unobservable parameters were varied to the extremes of the ranges of reasonably possible alternatives using statistical techniques, such as dispersion in comparable observable external inputs for similar asset classes, historic data or judgement if a statistical technique is not appropriate.

Where a financial instrument has more than one unobservable parameter, the sensitivity analysis reflects the greatest reasonably possible increase or decrease to fair value by varying the assumptions individually. It is unlikely that all unobservable parameters would be concurrently at the extreme range of possible alternative assumptions and therefore the sensitivity shown below is likely to be greater than the actual uncertainty relating to the financial instruments.

The following tables present the sensitivity of the fair value of Level 3 financial assets and financial liabilities to reasonably possible alternative assumptions, providing quantitative information on the potential variability of the fair value measurement.

20. FAIR VALUE INFORMATION (continued)

	31 December 2015		
	Effect of reasonably possible alternative assumptions		
	Fair value	Increase in fair value	Decrease in fair value
	$'000	$'000	$'000
Long inventory positions			
Contractual agreements:			
- Options and swaps	237,088	1,041	(1,041)
Short inventory positions			
Issued warrants, options and swaps	236,705	1,041	(1,041)

21. FINANCIAL INSTRUMENTS SUBJECT TO OFFSETTING AND RELATED ARRANGEMENTS

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset and intention to settle on a net basis.

The table below presents the financial assets that are subject to offsetting, enforceable master netting agreements and similar agreements:

Financial assets subject to offsetting and related arrangements

	Note	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Other amounts in scope but not set off in the statement of financial position	Net amounts
		$000	$000	$000	$000	$000
As at 31 December 2015						
Options and swaps	10	**3,791,138**	**(69,543)**	**3,721,595**	**-**	**3,721,595**
Amounts owed to affiliated companies	15	**89,217**	**(89,159)**	**58**	**-**	**58**
As at 31 December 2014						
Options and swaps	10	4,028,135	(412,183)	3,615,952	-	3,615,952
Amounts owed to affiliated companies	15	163,479	(163,421)	58	-	58

Financial liabilities subject to offsetting and related arrangements

	Note	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Other amounts in scope but not set off in the statement of financial position	Net amounts
		$000	$000	$000	$000	$000
As at 31 December 2015						
Issued warrants, options and swaps	13	**4,864,570**	**(158,702)**	**4,705,868**	**-**	**4,705,868**
As at 31 December 2014						
Issued warrants, options and swaps	13	5,765,974	(575,604)	5,190,370	-	5,190,370

22. RELATED PARTY TRANSACTIONS

As detailed in note 1.3, the Partnership has taken advantage of the exemption available under FRS 101 for the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

There were no related party transactions other than those with affiliated undertakings covered by the exemption noted above.

23. SHARE BASED PAYMENTS

Bank of America Corporation ("the Corporation") administers a number of equity compensation plans, with awards being granted predominantly from the Corporation's Key Associate Stock Plan (KASP). On May 6, 2015, Bank of America shareholders approved the amendment and restatement of the KASP, and renamed it the Bank of America Corporation Key Employee Equity Plan (KEEP). Under the KEEP, the Corporation grants stock-based awards, including stock options, restricted stock and restricted stock units (RSUs). Grants in 2015 comprised RSUs which generally vest in three equal annual instalments beginning one year from the grant date.

For most awards, expense is generally recognized ratably over the vesting period net of estimated forfeitures, unless the employee meets certain retirement eligibility criteria. For awards to employees that meet retirement eligibility criteria, the Partnership records the expense upon grant. For employees that become retirement eligible during the vesting period, the Partnership recognizes expense from the grant date to the date on which the employee becomes retirement eligible, net of estimated forfeitures.

RSUs may be settled in cash or in shares of common stock depending on the terms of the applicable award. Certain awards contain claw back provisions which permit the Partnership to cancel all or a portion of the award under specified circumstances.

The total pre-tax compensation cost recognised in profit and loss for share-based compensation plans for the year to 31 December 2015 was $28,259 Credit (2014: $55,196 Debit).

Fair market value was determined using the BAC share price at 31 December 2015 of $16.83 (2014 was $17.89).

Restricted Stock Units

A restricted stock unit is deemed equivalent in fair market value to one share of Bank of America common stock. Awards of RSUs may be settled in common stock or cash. Recipients of RSU awards may receive cash payments equivalent to dividends.

The table below presents the status at 31 December 2015 of the RSUs and changes during 2015:

	Restricted Shares/Units
Outstanding, beginning of 2015	49,012
Granted	-
Exercised	(27,203)
Cancelled, forfeited or released from contingencies	-
Transferred from	(104)
Outstanding, end of 2015	**21,705**

24. CONTINGENT LIABILITIES

The Partnership is involved in ongoing litigation in Panama, the outcome of which remains uncertain. Therefore, the potential liability has not been provided for and no additional disclosure has been included within these financial statements.

25. CONTROLLING PARTIES

The General Partner of the Partnership is ML Cayman Holdings Inc., and the ultimate parent Company and controlling party is BAC, which is organised and existing under the laws of the State of Delaware in the United States of America ("U.S.A").

The parent company of the largest, and smallest, group into which the Partnership financial statements are consolidated is BAC. Copies of BAC's financial statements can be obtained from either of the following website locations: http://investor.bankofamerica.com or www.sec.gov/.